

Chapter 4

Managing Expenses

Objectives

After completing this chapter, you should be able to:

- Set up vendors in the *Vendor List* (page 98)
- Understand how to use classes in QuickBooks (page 103)
- Use QuickBooks for job costing (page 105)
- Enter expense transactions in several different ways (page 105)
- Manage accounts payable transactions (page 110)
- Print checks (page 118)
- Void checks (page 122)
- Create and apply vendor credits (page 125)
- Track credit card charges and payments (page 128)
- Pay sales tax (page 131)
- Create reports about vendor transactions (page 133)

Restore this File

This chapter uses Expenses-12.QBW. To open this file, restore the Expenses-12.QBM file to your hard disk. See page 8 for instructions on restoring files. If you are using QuickBooks Premier Accountant, we recommend that you toggle to QuickBooks Premier General Business as described on page x.

In this chapter, we will discuss several ways to track your company's expenditures and vendors. We will start by adding vendors to your file, and then discuss several methods of paying them. In addition, this chapter shows you how to track expenses by job.

Entering Expenses in QuickBooks

QuickBooks provides several tools to help you track and manage the expenses in your business. These tools allow you to track your expenses in detail so that you can create extensive reports that help you manage your vendor relationships and control the costs in your business.

The Process of Entering Expenses in QuickBooks

The *Vendors* section of the *Home* page window provides you with a graphical flow of the steps involved in managing vendors, purchases, and payments (see Figure 4-1).

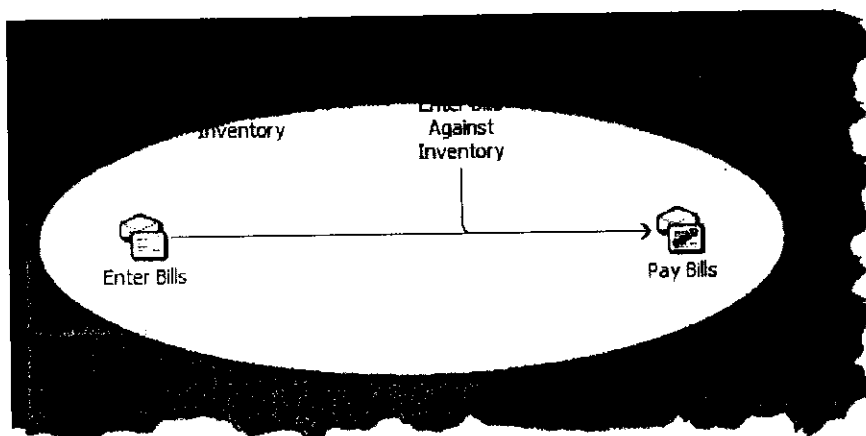


Figure 4-1 QuickBooks Home page

Clicking the *Vendors* icon on the *Home* page or the *Icon Bar* displays the *Vendor Center* (see Figure 4-2). The *Vendor Center* displays information about all of your vendors and their transactions in a single place. You can add a new vendor, add a transaction to an existing vendor, or print the *Vendor List* or *Transaction List*.

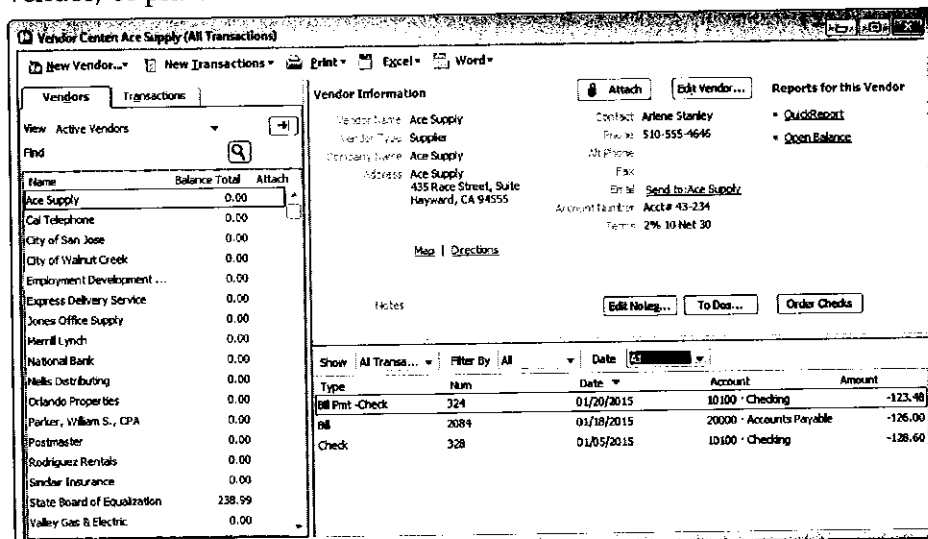


Figure 4-2 Vendor Center

In addition to the *Vendor Center*, the *Banking* section of the *Home* page contains options to help you navigate making deposits, writing checks, opening a check register, and reconciling with the bank statement. Figure 4-3 displays the *Banking* section of the *Home* page.

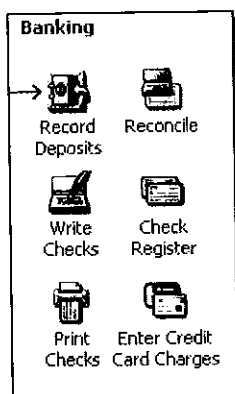


Figure 4-3 Banking section of the Home page

Table 4-1 shows many of the business transactions that might occur in dealing with vendors to process expenses in QuickBooks.

For illustrative purposes, we have defined two major groups of vendors – cash vendors and credit vendors. Table 4-1 shows how to enter transactions for each of these two groups of Vendors. The table also shows what QuickBooks does “behind the scenes” to record these transactions.

For some vendors, you will decide to track *Bills* and *Bill Payments*. This means the Accounts Payable account will be used to track how much you owe these vendors. We will refer to these as your credit vendors.

With other vendors, you will skip the Accounts Payable account and just write checks or otherwise pay them directly, coding the transactions to the appropriate expense accounts. We will refer to these as your cash vendors. Although you probably will not pay these vendors with actual cash, but with checks or credit cards, we will use the term cash vendor to distinguish them from credit vendors described previously.


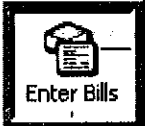


Business Transaction	Cash Vendors		Credit Vendors	
	QuickBooks Transaction	Accounting Entry	QuickBooks Transaction	Accounting Entry
Recording a Purchase Order	Not usually used		 Purchase Orders	Non-posting entry used to track <i>Purchase Orders</i>
Recording a Bill from a Vendor	Not usually used		 Enter Bills	Increase (debit) Expenses, Increase (credit) Accounts Payable
Paying Bills	 Write Checks	Increase (debit) Expense, Decrease (credit) Checking	 Pay Bills	Decrease (debit) Accounts Payable, Decrease (credit) the Checking Account

Table 4-1 Steps for entering expenses

Recording Transactions

The first row in Table 4-1 references *Recording a Purchase Order*. Some vendors require *Purchase Orders* so they can properly process orders. When a *Purchase Order* is recorded, no accounting transaction is entered into QuickBooks; rather, a “memo” entry is made to track the *Purchase Order*. For details on using *Purchase Orders*, refer to the **Inventory** chapter beginning on page 233.

The second row references *Recording a Bill from a Vendor*. When you receive a bill from a vendor, you will record it using the *Enter Bills* window. Then, when it is time to pay your *Bills*, you will use the *Pay Bills* window in QuickBooks to select the *Bills* you want to pay. As shown below in Figure 4-4, both of these commands are available from the *New Transactions* drop-down menu in the Vendor Center.

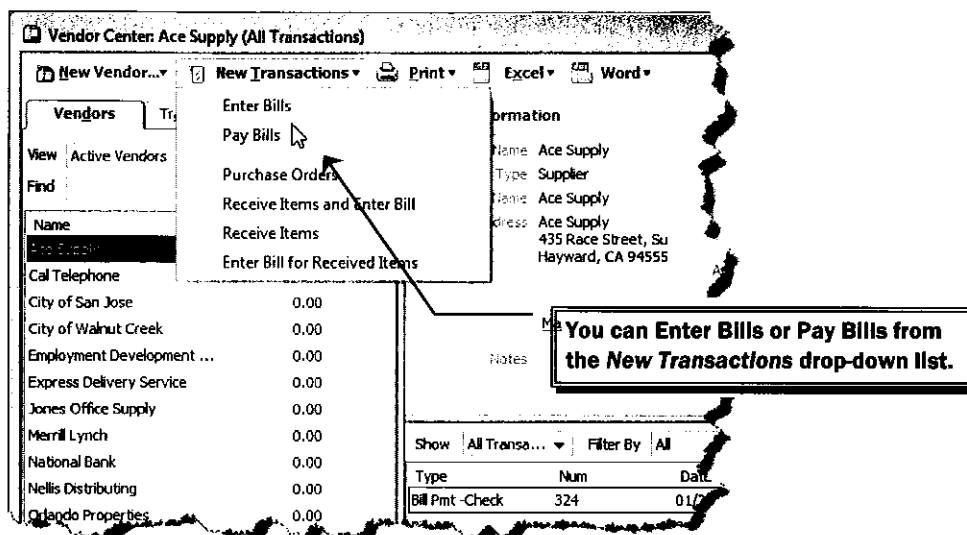


Figure 4-4 New Transactions Menu drop-down list in the Vendor Center

The third row references *Paying Bills*. Sometimes you will need to write a check that is not for the payment of a *Bill*. In that case, you will use the *Write Checks* window. *Write Checks* is accessible by clicking the **Check** icon in the icon bar, the **Write Checks** icon from the *Home* page, the **Write Checks** option from the *Banking* menu, or by pressing **Ctrl+W**.

Setting Up Vendors

Vendors include every person or company from whom you purchase products or services, including trade vendors, service vendors, and 1099 contract workers. Before you record any transactions to a Vendor in QuickBooks, you must set them up in the *Vendor Center*.

Tip:

When a vendor is also a customer, you will need to set up two separate records: a vendor record in the *Vendor Center* and a customer record in the *Customer Center*. The customer name must be slightly different from the vendor name. For example, you could enter Boswell Consulting as "Boswell Insulation-V" for the vendor name in the *New Vendor* window, and "Boswell Insulation-C" for the customer name in the *New Customer* window. The contact information for both customer and vendor record can be identical.

To set up a vendor, follow these steps:

COMPUTER PRACTICE

Step 1. To display the *Vendor Center*, select the **Vendors** icon in the Vendors section of the *Home* page (see Figure 4-5). Alternately, click on the **Vendors** icon on the *Icon Bar*.

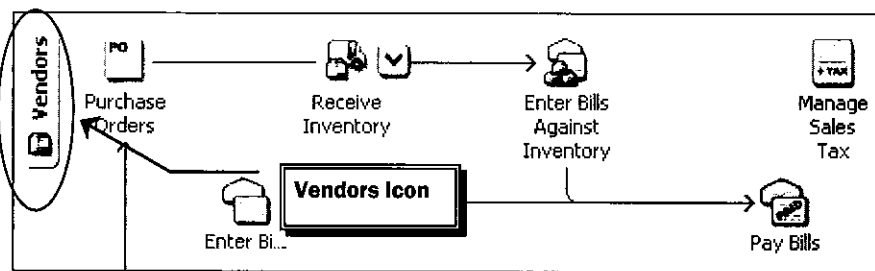


Figure 4-5 Vendors section of the Home page

- Step 2. Click the **New Vendor** button in the *Vendor Center* (see Figure 4-6) and choose **New Vendor** from the popup menu.

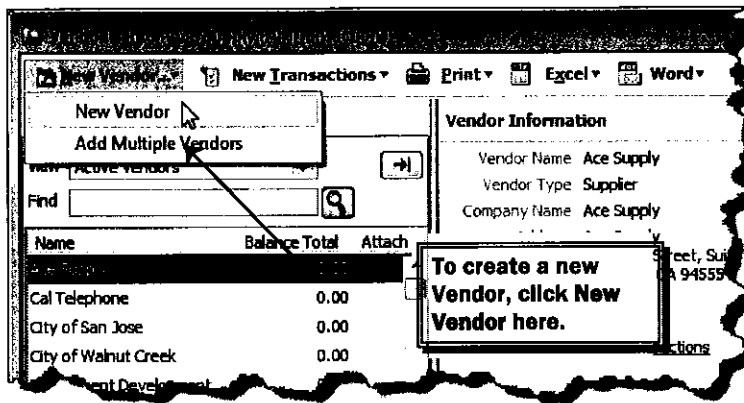


Figure 4-6 Add New Vendor to the Vendor list

- Step 3. The *New Vendor* window displays (see Figure 4-7). Notice there are three tabs labeled *Address Info*, *Additional Info* and *Account Prefill*.

Figure 4-7 The New Vendor window

- Step 4. Enter **Boswell Consulting** in the *Vendor Name* field and press **Tab**.

Tip:

The *Vendor List* sorts alphabetically, just like the *Customer List*. Therefore, if your vendor is an individual person, enter the last name first, followed by the first name.

- Step 5. Press **Tab** twice to skip the *Opening Balance* and *as of* fields (see Figure 4-8).

The *Opening Balance* field shows only when you create a new *Vendor* record. You will not see this field on the *Edit Vendor* windows. The date in the *as of* field defaults to the current date. Since you will not enter an amount in the *Opening Balance* field, there is no need to change this date.

Important:

It is best *not* to use the *Opening Balance* field in the *New Vendor* window. If you *do* enter an opening balance for a vendor in the *Opening Balance* field, QuickBooks creates a *Bill* that increases (credits) Accounts Payable and increases (debits) Uncategorized Expense. Instead, enter each unpaid *Bill* separately after you create the vendor record.

- Step 6. Enter **Boswell Consulting** in the *Company Name* field and press **Tab**.
- Step 7. Continue entering data in the rest of the fields on the Vendor record, as shown in Figure 4-8. Press **Tab** after each entry.

New Vendor

Vendor Name: Boswell Consulting

Opening Balance: as of 01/01/2015 [How do I determine the opening balance?](#)

Address Info | Additional Info | Account Prefill

Company Name: Boswell Consulting | Contact: Steven Boswell

Mr./Ms./...: Mr. | Phone: 510-555-0305

First Name: Steven | M.I.: | FAX: 510-555-0306

Last Name: Boswell | Alt. Phone: 510-555-5500

Alt. Contact: Rebecca Matthews

E-mail: steve@boswell.us

Cc:

Print on Check as: Boswell Consulting

Addresses

Billed From Address: Boswell Consulting, Steven Boswell, PO Box 620, Oakland, CA 94610

Shipped From Address: Boswell Consulting, Steven Boswell, PO Box 620, Oakland, CA 94610

Copy >>

Edit Edit

OK Cancel Next Help

Don't use this field: If you owe this vendor money, you could enter the open balance here. However, it is much better to enter each unpaid Bill for this vendor separately.

Figure 4-8 New Vendor window after it has been completed

- Step 8. Click the **Additional Info** tab to continue entering information about this vendor (see Figure 4-9).

New Vendor

Vendor Name: Boswell Consulting

Opening Balance: as of 01/01/2015 [How do I determine the opening balance?](#)

Address Info | **Additional Info** | Account Prefill

Account No.:

Categorizing and Defaults: Type: | Custom Fields: Country:

☒ Vendor is inactive

OK Cancel Next Help

Figure 4-9 The Additional Info tab of the New Vendor window

- Step 9. Enter **66-112** in the *Account No.* field and press **Tab**.

In this field, you enter the number that your vendor uses to track you as a customer. If your vendor requires you to enter your account number on the checks you send, this is where you enter it. QuickBooks prints the contents of this field on the memo of the check when you pay this vendor's bill.

Select **Consultant** from the *Type* drop-down list and press **Tab**.

QuickBooks allows you to group your vendors into common types. For example, if you create a *Vendor Type* called Consultant and you tag each of your consultants' vendor records with this type, you could later create a report specific to this *Vendor Type*.

- Step 10. Select **2% 10 Net 30** from the *Terms* drop-down list and press **Tab**.

QuickBooks allows you to establish different types of default payment terms, including payment terms to accommodate discounts for early payment. In this example, the terms of 2% 10 Net 30 means that if you pay this vendor within 10 days of the invoice date, you are eligible for a 2% discount. In this field, you can set the payment terms default for this vendor. QuickBooks uses these default terms on all new *Bills* for this vendor. You can override the default terms on each *Bill* as necessary. When you create reports for accounts payable (A/P), QuickBooks takes into account the terms on each *Bill*. To learn more about the *Terms List*, and how to set up terms, see page 218.

- Step 11. Press **Tab** to leave the *Credit Limit* field blank.

- Step 12. Enter **123-12-1234** in the *TaxID* field.

The *Tax ID* field is where you enter the social security or taxpayer identification number of your Form 1099-MISC recipients. QuickBooks prints this number on the Form 1099-MISC at the end of the year.

- Step 13. Check the box next to *Vendor eligible for 1099*.

Select this box for all vendors for whom you expect to file a Form 1099-MISC.

- Step 14. Enter **Alameda** in the *County* field and press **Tab**.

The *County* field is a *Custom Field*. The *Define Fields* button on the *New Vendor* window, *Additional Information* tab allows you to define *Custom Fields* to track more information about your vendors. For this example, you will use the *County* field to tag each vendor with the county in which it is located. This allows you to create reports later that include geographic information about purchases from vendors. For more information on setting up and using *Custom Fields*, see page 223.

New Vendor

Vendor Name: Boswell Consulting

Opening Balance: [] as of: 01/01/2015 [] [How do I determine the opening balance?](#)

Address Info | **Additional Info** | Account Prefill

Account No.: 66-112

Categorizing and Defaults: Type: Consultant, Terms: 2% 10 Net 30

Custom Fields: County: Alameda

Credit Limit: []

Tax ID: 123-12-1234

☒ Vendor eligible for 1099

Define Fields

OK, Cancel, Next, Help, ☐ Vendor is inactive

Figure 4-10 The Completed Boswell Consulting Additional Info tab

- Step 15. Verify that your screen matches Figure 4-10 (your *as of* date may differ), and then click the **Account Prefill** tab.

The *Account Prefill* tab allows you to set a default expense account for future transactions with this vendor.

- Step 16. Select **Professional Fees** from the first *Select accounts to pre-fill transactions* field (see Figure 4-11).

New Vendor

Vendor Name: Boswell Consulting

Opening Balance: [] as of: 01/01/2015 [] [How do I determine the opening balance?](#)

Address Info | Additional Info | **Account Prefill**

Select accounts to pre-fill transactions

66700 - Professional Fees

Clear All

OK, Cancel, Next, Help, ☐ Vendor is inactive

Figure 4-11 The completed Boswell Consulting Account Prefill tab

- Step 17. When finished, click **OK**.

If you were adding several vendors at this time, you would click **Next** instead, and begin adding another vendor, or you can begin by using the *Add Multiple Vendor* feature. Close the *New Vendor* window.

Activating Class Tracking

In QuickBooks, the *Class* field gives you a way to segregate your transactions other than by account name. You can use QuickBooks *Classes* to separate your income and expenses by line of business, department, location, profit center, or any other meaningful breakdown of your business. Alternatively, if your business is a not-for-profit organization, you could use *Classes* to separately track transactions for each program or activity within the organization.

For example, a dentist might classify all income and expenses as relating to either the dentistry or hygiene department. A law firm formed as a partnership might classify all income and expenses according to which partner generated the business. If you use *Classes*, you'll be able to create separate reports for each *Class* of the business. Therefore, the dentist could create separate Profit & Loss reports for the dentistry and hygiene departments, and the law firm could create separate reports for each partner.

In our sample company, Academy Photography uses *Classes* to track income and expenses for each of its stores - San Jose and Walnut Creek.

COMPUTER PRACTICE

- Step 1. Select the **Edit** menu, and then select **Preferences**.
- Step 2. Select the **Accounting** preference.
- Step 3. Select the **Company Preferences** tab, and make sure the box next to *Use class tracking* is checked (see Figure 4-12). When you use *Classes* on each transaction (*Checks, Bills, Invoices, etc.*), the *Profit & Loss by Class* report shows the income and expenses for each class.

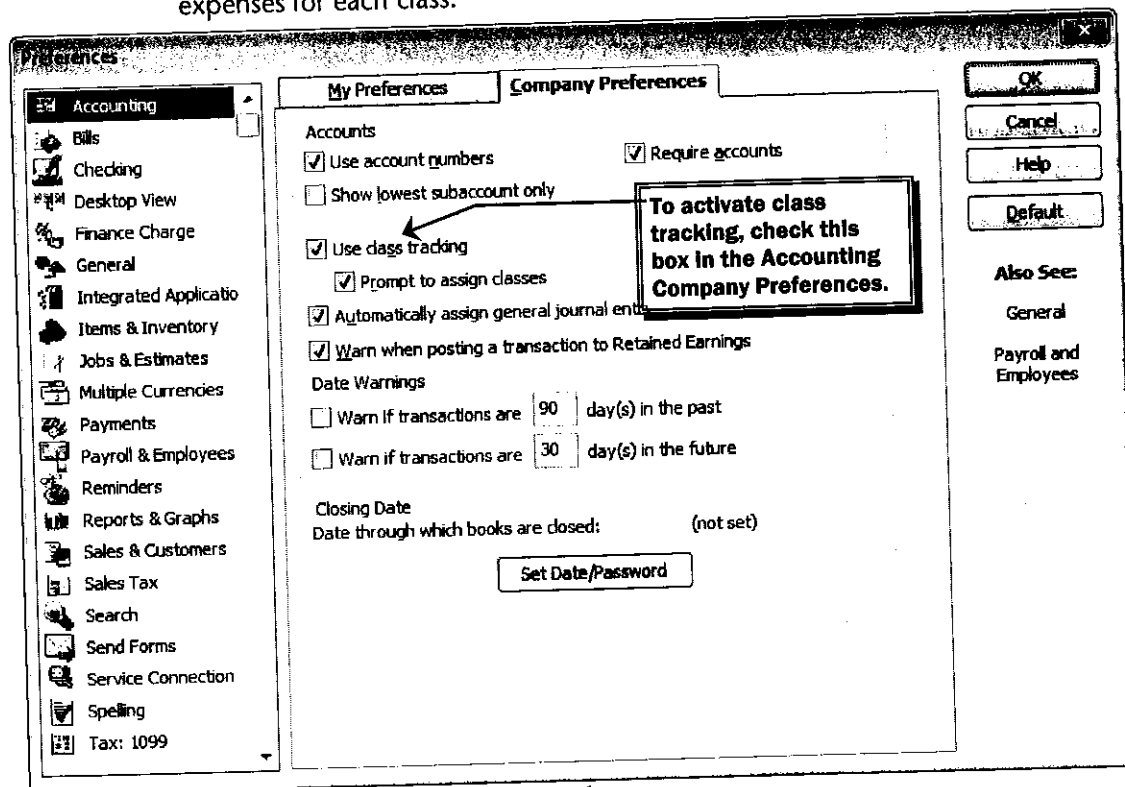


Figure 4-12 Activating class tracking in Accounting preferences

- Step 4. The *Prompt to assign classes* field is already checked. Leave the checkmark in this box.

With this setting, QuickBooks prompts you if you fail to assign a *Class* on any line of the transaction.

Step 5. Click OK.

Figure 4-13 displays a *Bill* from Wong & Sons Video. The *San Jose* Class is selected in the *Class* column. This tracks the Subcontracted Services Expense to the *San Jose* Class (i.e., the San Jose store) so that the *Profit & Loss by Class* report shows the expense under the column for the *San Jose* Class.

Enter Bills

Previous Next Save Find History Attach Pay bill

☒ Bill ☐ Credit ☒ Bill Received

Vendor: Wong & Sons Video

Address: 14721 1st St, San Jose, CA 95131

Phone: 408-555-4977

Open balance: 142.00

POs to be received: 0

Summary

Recent Transactions

01/11/15 142.00

Notes

Expenses: \$142.00

Items: \$0.00

Account	Amount	Memo	Customer:Job	Billable?	Class
53500 - Subcontracted Services	142.00				San Jose

Record each transaction using the Class field.

Clear Split Recalculate Save & Close Save & New Revert

Figure 4-13 The *Class* field shows on many windows in QuickBooks, including *Enter Bills*

The *Profit & Loss by Class* report displays the income and expenses for each *Class*. Income and expenses for each Academy Photography store are displayed as separate columns. Note that the *San Jose* column includes the *Subcontracted Services*. For more information about the *Profit & Loss by Class* report, see page 170.

Academy Photography Expenses Chapter

Profit & Loss by Class

Accrual Basis

January 2015

San Jose Walnut Creek TOTAL

Ordinary Income/Expense			
Income			
40000 - Services	665.00	1,950.00	2,615.00
45000 - Sales	102.97	1,100.97	1,203.94
Total Income	767.97	3,050.97	3,818.94
Cost of Goods Sold			
50000 - Cost of Goods Sold	6.45	1,054.99	1,061.44
53000 - Purchase Discounts	0.00	-2.52	-2.52
53500 - Subcontracted Services	142.00	0.00	142.00
Total COGS	148.45	1,052.47	1,200.92
Gross Profit	619.52	1,998.50	2,618.02
Expense			
64900 - Office Supplies	0.00	254.60	254.60
67100 - Rent Expense	3,200.00	0.00	3,200.00
68600 - Utilities	0.00	276.52	276.52
Total Expense	3,200.00	531.12	3,731.12
Net Ordinary Income	-2,580.48	1,467.38	-1,113.10
Net Income	-2,580.48	1,467.38	-1,113.10

All income and expense transactions are tracked under a Class column.

Figure 4-14 *Profit & Loss by Class* report

Tracking Job Costs

If you want to track the expenses for each *Customer* or *Job* (i.e., track job costs), link each expense with the *Customer* or *Job* to which it applies. In the following sections, you will learn about recording expense transactions in several different situations.

When you record an expense transaction, use the *Customer:Job* column to link each expense account or *Item* with a *Customer* or *Job* (see Figure 4-15).

The screenshot shows the 'Expenses' window in QuickBooks. At the top, 'Expenses' is \$142.00 and 'Items' is \$0.00. The main table has columns: Account, Amount, Memo, Customer:Job, Billable?, and Class. An entry is shown with Account '53500 · Subcontracted Services', Amount '142.00', Memo 'Video Production Costs', and Customer:Job 'Mason, Bob'. The Class is 'San Jose'. A callout box points to the 'Customer:Job' column with the text: 'Use this column to link expenses to Customers and Jobs.' At the bottom are buttons: 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Revert'.

Account	Amount	Memo	Customer:Job	Billable?	Class
53500 · Subcontracted Services	142.00	Video Production Costs	Mason, Bob		San Jose

Figure 4-15 Linking expenses to Customers and Jobs (i.e., job costing)

When you track job costs, you can create reports such as the *Profit & Loss by Job* report that shows income and expenses separately for each *Job* (see Figure 4-16). For more information about the *Profit & Loss by Job* report, see page 173.

The screenshot shows the 'Profit & Loss by Job' report for January 2015. The report is titled 'Academy Photography Expenses Chapter Profit & Loss by Job January 2015'. It shows data for 'Branch Opening (Cruz, Maria)', 'Total Cruz, Maria', 'Mason, Bob', 'Miranda's Corner', and 'TOTAL'. The report is based on the 'Accrual Basis'.

	Branch Opening (Cruz, Maria)	Total Cruz, Maria	Mason, Bob	Miranda's Corner	TOTAL
Ordinary Income/Expense					
Income					
40000 · Services	1,950.00	1,950.00	665.00	0.00	2,615.00
45000 · Sales	0.00	0.00	102.97	1,100.97	1,203.94
Total Income	1,950.00	1,950.00	767.97	1,100.97	3,818.94
Cost of Goods Sold					
50000 · Cost of Goods Sold	0.00	0.00	6.45	679.99	686.44
Total COGS	0.00	0.00	6.45	679.99	686.44
Gross Profit	1,950.00	1,950.00	761.52	420.98	3,132.50
Net Ordinary Income	1,950.00	1,950.00	761.52	420.98	3,132.50
Net Income	1,950.00	1,950.00	761.52	420.98	3,132.50

Figure 4-16 Profit & Loss by Job report

Paying Vendors

With QuickBooks, you can pay your vendors in several ways. You can pay by check, credit card, electronic funds transfer, or, though not recommended, cash.

Most of the time, you'll pay your vendors from a checking account, so this section covers three different situations for recording payments out of your checking account. The three situations are:

- Manually writing a check or initiating an electronic funds transfer and recording the transaction in a QuickBooks account register.
- Using the *Write Checks* function to record and print checks.
- Recording accounts payable bills through the *Enter Bills* window and using the *Pay Bills* function to pay these *Bills*.

Using Registers

In this example, you will manually write a check and then record the transaction in the QuickBooks checking account register.

COMPUTER PRACTICE

After you have written a manual check, or made a payment made by electronic funds transfer, you will record the transaction in QuickBooks.

- Step 1. Select the **Check Register** icon from the *Home* page. Alternatively, key **Ctrl+R** on your keyboard.
- Step 2. In the *Use Register* dialog box, make sure **Checking** displays in the *Select Account* field and click **OK** (see Figure 4-17).

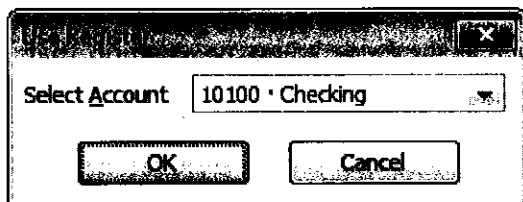


Figure 4-17 Use Register dialog box

- Step 3. Enter **02/08/2015** in the first empty line of *Date* column and press **Tab** (see Figure 4-18).

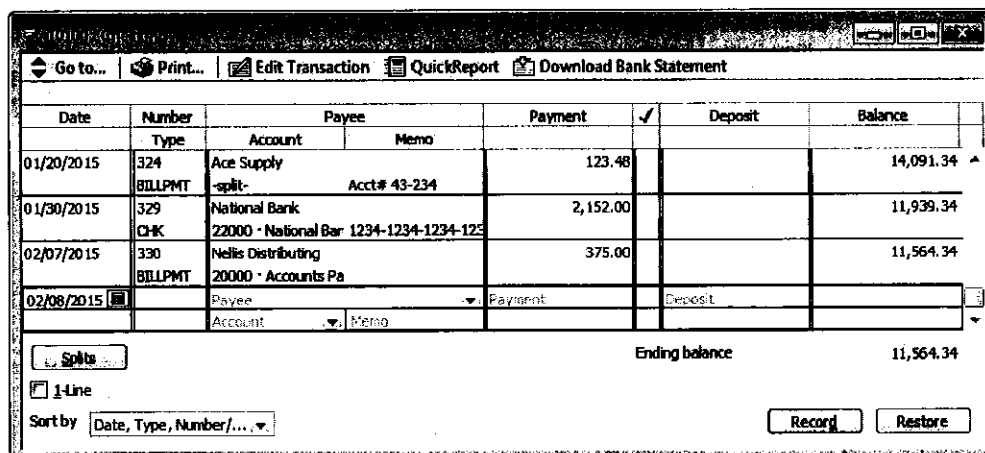


Figure 4-18 Entering in manual check information

- Step 4. Enter **331** in the *Number* column and press **Tab**.

If you are entering a previously handwritten check, make sure this number matches the number on the physical check. If you are entering an electronic funds transfer or an ATM withdrawal, enter **EFT** in the check number field. Alternatively, if you are entering a Debit Card transaction, enter **Debit** in the *Number* column.

- Step 5. Enter **Bay Office Supply** in the *Payee* column and press **Tab**.

Since **Bay Office Supply** is not in the *Vendor List*, QuickBooks prompts you to *Quick Add* or *Set Up* the vendor (see Figure 4-19). Click **Quick Add** on the *Name Not Found* dialog box.

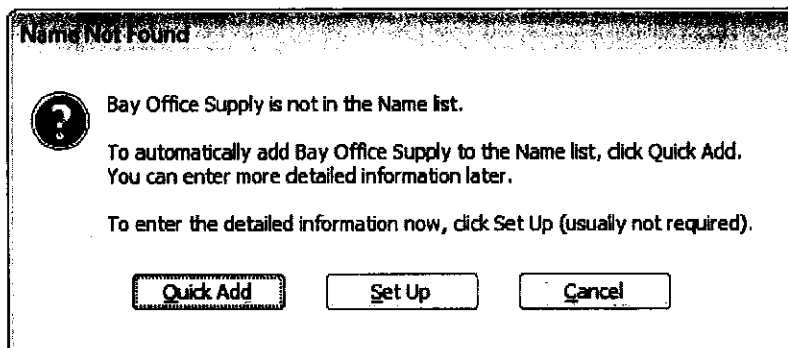


Figure 4-19 Name Not Found dialog box

- Step 6. Clicking **Quick Add** will add this vendor without entering the address and other information to completely set up the vendor. You can always go back later and add the other information by editing the vendor record. Click **OK** on the *Select Name Type* dialog box to add Bay Office Supply to the *Vendor Center* (see Figure 4-20).

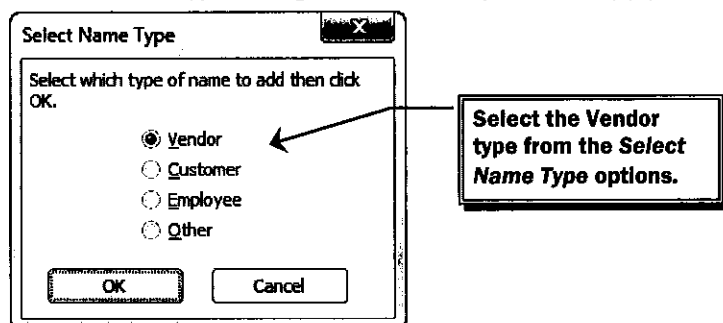


Figure 4-20 Select Name Type options - choose Vendor

- Step 7. Enter **128.60** in the *Payment* column and press **Tab**.

- Step 8. Enter **Office Supplies** in the *Account* column and press **Tab**.

After you enter the first few characters of the word "**Office**" in the *Account* field, notice that QuickBooks automatically fills in the rest of the field with "Office Supplies." This QuickFill feature helps you to enter data faster.

- Step 9. Enter **Printer Paper** in the *Memo* column.

- Step 10. Verify that you've entered all of the fields in the transaction correctly, and click **Record** to save the transaction (see Figure 4-21). If the *Set Check Reminder* dialog box opens, click **Cancel**.

10100 - Checking

Go to... Print... Edit Transaction QuickReport Download Bank Statement

Date	Number	Payee	Payment	✓	Deposit	Balance
Type	Account	Memo				
01/20/2015	324	Ace Supply	123.48			14,091.34
	BILLPMT	-split- Acct# 43-234				
01/30/2015	329	National Bank	2,152.00			11,939.34
	CHK	22000 - National Bar 1234-1234-1234-123				
02/07/2015	330	Nellis Distributing	375.00			11,564.34
	BILLPMT	20000 - Accounts Pa				
02/08/2015	331	Bay Office Supply	128.00			11,436.34
	CHK	64900 - Office Suppl Printer Paper				
Ending balance						11,436.34

Splits

☐ 1-Line

Sort by Date, Type, Number/...

Record Restore

Figure 4-21 Bay Office Supply entry in the Checking register

Notice that QuickBooks automatically updates your account balance after you record the transaction.

Splitting Transactions

Sometimes you will need to split your purchase to more than one account. Let's say that the check you just wrote to Bay Office Supply was actually for the following expenses:

- \$100.00 for printer paper, to be used in the San Jose store (*Class*).
- \$28.60 for computer cables for the Walnut Creek store (*Class*).

In order to track your printing costs separately from your office supplies, you must *split* the expenses and assign each expense to a separate account.

COMPUTER PRACTICE

Step 1. With the *Checking* register open, click on check #331 to select it.

Step 2. Click the **Splits** button as highlighted in Figure 4-22.

QuickBooks displays an area below the check where you can add several lines, memos, and amounts for *splitting* the expenses among multiple accounts.

10100 - Checking

Go to... Print... Edit Transaction QuickReport Download Bank Statement

Date	Number	Payee	Payment	✓	Deposit	Balance
Type	Account	Memo				
02/08/2015	331	Bay Office Supply	128.00		Deposit	11,436.34
	CHK	64900 - Office...appl Printer Paper				

Account Amount Memo Customer: Job Billable? Class

64900 - Office Supplies 100.00 Printer Paper San Jose

61700 - Computer and Internet Expenses 28.00 Cables Walnut Creek

Splits

☐ 1-Line

Sort by Date, Type, Number/...

Record Restore

Ending balance 11,436.34

Enter as many lines as you need to split the check between accounts, Jobs, or Classes.

Figure 4-22 Split transaction window

- Step 3. Change the amount on the first line from **128.60** to **100.00**. Then press **Tab**.
- Step 4. Enter **Printer Paper** in the *Memo* column and press **Tab**.
- Step 5. Skip the *Customer:Job* column by pressing **Tab**.
- This is the column where you can optionally enter the Customer or Job name where this expense would apply.
- Step 6. Enter **San Jose** in the *Class* column and press **Tab**.
- Step 7. On the second line, enter **Computer and Internet Expenses** in the *Account* column and press **Tab**.
- Step 8. QuickBooks calculates the amount **28.60** in the *Amount* column. This is correct so press **Tab** to leave it and move to the next field.
- Step 9. Enter **Cables** in the *Memo* column and press **Tab**.
- Step 10. Press **Tab** to skip to the *Class* column and enter **Walnut Creek**.
- Step 11. Verify that your screen matches Figure 4-22, and then press **Record**.
- Step 12. QuickBooks displays a dialog box asking if you want to record the changes to the previously recorded transaction. Click **Yes**.
- Step 13. Close the *Checking* register.

Using Write Checks Without Using Accounts Payable

If you are tracking Job costs or *Classes* and are not using the accounts payable feature, it may be best to use the *Write Checks* window to record your expenses. If you use *Items* to track purchases and you are not using the accounts payable feature, you *must* use either *Write Checks* or the *Enter Credit Card Charges* window. See page 128 for more information about tracking credit cards.

COMPUTER PRACTICE

- Step 1. To display the *Write Checks* window, click on the **Write Checks** icon on the *Home* page. Alternatively, press **Ctrl+W**.
- Step 2. Make sure *Checking* is already selected in the *Bank Account* field. Press **Tab**.
- Step 3. Enter **T** in the *No.* field and press **Tab**. QuickBooks will automatically fill in **To Print**. Alternately, click the **To be printed** box to the right of the *Items* tab.

This indicates that you want QuickBooks to print this check on your printer. When you print the check, QuickBooks will assign the next check number in the sequence of your checks.

- Step 4. **02/08/2015** is already displayed in the *Date* field. Press **Tab**.
- Step 5. Select **Orlando Properties** from the *Pay to the Order of* drop-down list and press **Tab**.

Notice that QuickBooks enters the name and address from the Vendor record as soon as you choose the Vendor name from the list.

- Step 6. Enter **3200** in the *\$* field and press **Tab**.
- Step 7. Press **Tab** to skip the *Address*, *Memo*, *Online Payment*, and *To be printed* fields.
- Step 8. Enter **Rent Expense** in the *Account* column of the *Expenses* tab if not already selected and press **Tab**.

If necessary, when you enter your own expenses, use the bottom part of the check to split the payment between several different accounts, *Jobs*, and *Classes*.

- Step 9. Leave the *Amount* column set to **3,200.00** and press **Tab**.
- Step 10. Enter **San Jose Rent** in the *Memo* column, and press **Tab** twice.
- Step 11. Enter **San Jose** in the *Class* column and press **Tab**.
- Step 12. Verify that your screen matches Figure 4-23. Do not print the check now; we will print it later.
- Step 13. Click **Save & Close** to record the transaction.

Write Checks - Checking

Previous Next Save Print Find Attach

Bank Account: 10100 - Checking Ending Balance: 11,436.34

No. To Print
Date: 02/08/2015
\$ 3,200.00

Pay to the Order of: Orlando Properties

Three thousand two hundred and 00/100***** Dollars

Address: Orlando Properties
P.O. Box 2836
San Jose, CA 95010

Memo: San Jose Rent

Expenses: \$3,200.00 Items: \$0.00 Online Payment: ☐ To be printed: ☒

Account	Amount	Memo	Customer: Job	Billable?	Class
67100 - Rent Expense	3,200.00	San Jose Rent			San Jose

Figure 4-23 Write Checks window for Orlando Properties rent payment

Note:

In the example above, you recorded the check with a **To be printed** status, so that you can print it later, perhaps in a batch with other checks. If you wanted to print the check immediately after you entered it, you would have clicked **Print** at the top of the *Write Checks* window. QuickBooks would ask you to enter the check number.

Managing Accounts Payable

You can also use QuickBooks to track accounts payable.

When you receive a bill from a vendor, enter it into QuickBooks using the *Enter Bills* window. Recording a *Bill* allows QuickBooks to track the amount you owe to the vendor along with the detail of what you purchased. For a *Bill* to be considered paid by QuickBooks, you must pay it using the *Pay Bills* window, as discussed here.

Entering Bills

When a bill arrives from your vendor, enter it into QuickBooks using the *Enter Bills* window.

COMPUTER PRACTICE

- Step 1. Select the **Vendors** icon from the *Home* page to display the *Vendor Center*. Select the vendor **Ace Supply**, and then select **Enter Bills** from the *New Transactions* drop-down list (see Figure 4-24). Alternatively, you can click the **Enter Bills** icon on the *Home* page and select **Ace Supply** from the Vendor drop-down field.

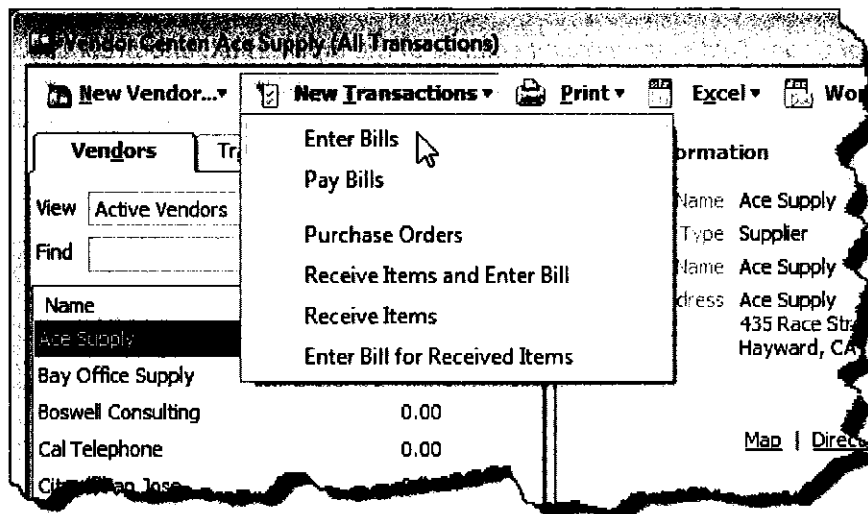


Figure 4-24 Selecting *Enter Bills* from the *New Transaction* drop-down list

- Step 2. In the *Enter Bills* window, verify that **Ace Supply** is displayed in the *Vendor* field and press **Tab**.

Notice that QuickBooks completes the *Bill Due*, *Terms*, and *Discount Date* fields automatically when you enter the *Vendor* name. QuickBooks uses information from the *Vendor* record to complete these fields. You can override this information if necessary. QuickBooks calculates the *Discount Date* and the *Bill Due* fields by adding the *Terms* information to the date entered in the *Date* field. If the terms do not include a discount, the *Discount Date* will not appear.

- Step 3. Enter **02/08/2015** in the *Date* field and press **Tab**.
 Step 4. Enter **2085** in the *Ref. No.* field and press **Tab**.

Tip:

When an A/P transaction increases what we owe, we call it a "bill." However, our vendors call them "invoices." Therefore, the *Ref. No.* field should match the number on the *Invoice* you received from the vendor. The *Ref. No.* field is important for two reasons. First, it is the number used to identify this *Bill* in the *Pay Bills* window, and second, it is the number that shows on the voucher of the *Bill Payment* check.

- Step 5. Enter **360.00** in the *Amount Due* field and press **Tab**.
 Step 6. Press **Tab** to skip the *Bill Due* field and to accept the due date that QuickBooks has calculated.
 Step 7. Press **Tab** to accept the **2% 10 Net 30** terms already selected.
 Step 8. Enter **Photo Materials for Jerry Perez Job** in the *Memo* field and press **Tab**.

Important:

If your vendor requires you to enter your account number on the checks you send, enter it in the *Account No.* field in the *Vendor* record. QuickBooks will print the contents of that field on *Bill Payments* to the vendor. If you enter a memo in this field on the *Bill*, it will override the *Account No.* field in the *Vendor* record.

- Step 9. Enter **Cost of Goods Sold** in the *Account* column of the *Expenses* tab and press **Tab**.
- Step 10. Press **Tab** to accept **360.00** already entered in the *Amount* column.
- Step 11. Enter **Photo Materials** in the *Memo* column and press **Tab**.
- Step 12. To job cost this purchase, enter **Perez, Jerry** in the *Customer:Job* column and press **Tab**.
- Step 13. Leave the *Billable?* field checked. Press **Tab** again and enter **Walnut Creek** in the *Class* column.
- Step 14. Verify that your screen matches that shown in Figure 4-25. Click **Save & Close** to record the **Bill**. Close the **Vendor Center** window.

Figure 4-25 Recording Ace Supply bill

The Unpaid Bills Detail Report

To view a list of your unpaid *Bills*, use the *Unpaid Bills Detail* report.

COMPUTER PRACTICE

- Step 1. From the **Reports** menu, select **Vendors & Payables** and then select **Unpaid Bills Detail** (see Figure 4-26).

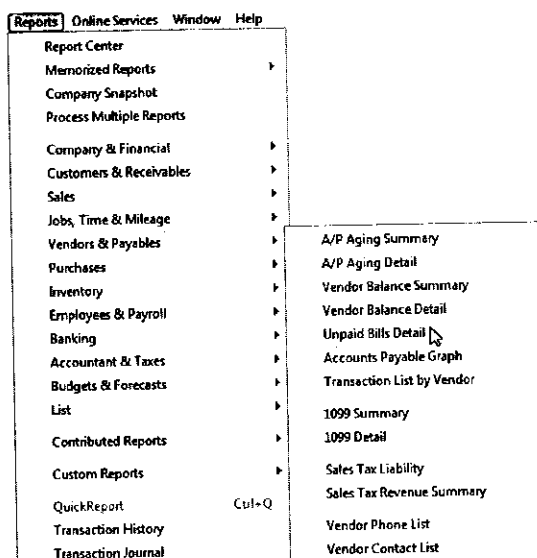


Figure 4-26 Selecting the Unpaid Bill Detail report

- Step 2. Enter **02/10/2015** in the **Date** field and press **Tab**.
- Step 3. Verify that your screen matches Figure 4-27. Close the report window. Click **No**, if the **Memorize Report** message appears.

The screenshot shows the 'Unpaid Bills Detail' report window. The report is titled 'Academy Photography Expenses Chapter Unpaid Bills Detail As of February 10, 2015'. It displays a table of bills with columns for Type, Date, Num, Due Date, Aging, and Open Balance.

Type	Date	Num	Due Date	Aging	Open Balance
Ace Supply					
Bill	02/08/2015	2085	03/10/2015		360.00
Total Ace Supply					360.00
Wong & Son Video					
Bill	01/11/2015	2342	02/10/2015		142.00
Total Wong & Son Video					142.00
TOTAL					502.00

Figure 4-27 Unpaid Bills Detail report

Paying Bills

QuickBooks keeps track of all your bills in the Accounts Payable account. When you pay your bills, you will reduce the balance in Accounts Payable by creating *Bill Payment* checks.

COMPUTER PRACTICE

- Step 1. Select the **Vendors** icon from the *Icon Bar* to display the **Vendor Center**. Select **Pay Bills** from the *New Transactions* drop-down list (see Figure 4-28). You *do not* need to select a vendor first. Alternatively, you can click the **Pay Bills** icon on the *Home* page.

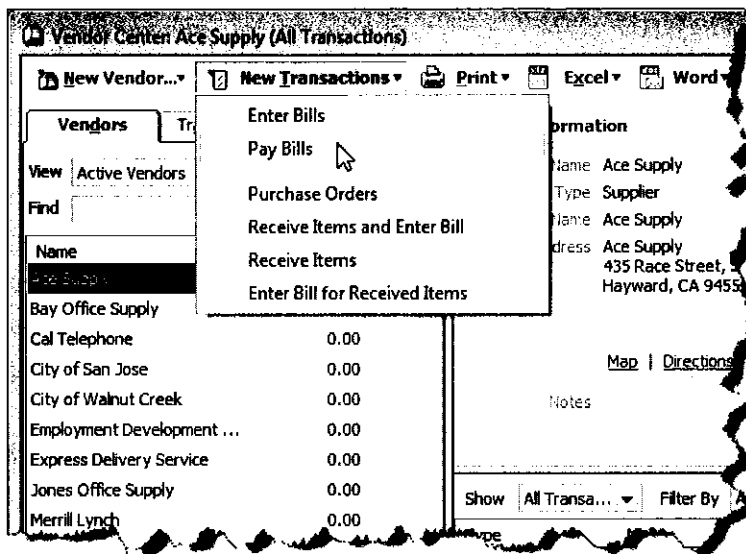


Figure 4-28 Selecting Pay Bills from the New Transaction drop-down list

- Step 2. QuickBooks displays the *Pay Bills* window.
- Step 3. Click on the radio button *Due on or before* and enter **03/10/2015** in the *Due on or before* date field (see Figure 4-29). QuickBooks allows you to filter the *Pay Bills* window so only the *Bills* due on or before a given date are shown.

Note:

The *Due on or before* field applies only to the *Bill* due date. There is no way to show only the *Bills* whose *discounts* expire on or before a certain date. However, you can sort the list of bills by the discount dates in the *Pay Bills* window by selecting **Discount Date** from the *Sort Bills by* drop-down list.

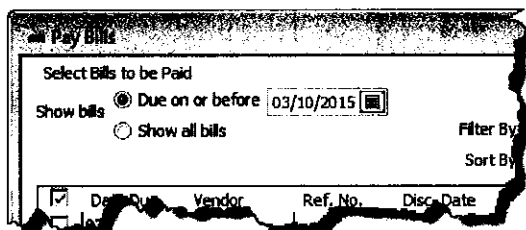


Figure 4-29 Entering the date in the Due on or before field

- Step 4. As shown in Figure 4-30, *Filter By* is set to *All vendors*. You can filter the *Pay Bills* window to only show specific vendors. Also, *Due Date* is already selected from the *Sort By* drop-down list. If you have several *Bills* from the same vendor, it is sometimes easier to see all of the *Bills* sorted by *Vendor*. You can also sort the bills by *Discount Date* or *Amount Due*.

Select Bills to be Paid

Show bills ☒ Due on or before 03/10/2015 ☐ Show all bills

Filter By All vendors

Sort By Due Date

<input type="checkbox"/>	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
<input type="checkbox"/>	02/10/2015	Wong & So...	2342		142.00	0.00	0.00	0.00
<input type="checkbox"/>	03/10/2015	Ace Supply	2085	02/18/2015	360.00	0.00	0.00	0.00
Totals					502.00	0.00	0.00	0.00

Select All Bills

Discount & Credit Information for Highlighted Bill

Vendor Terms Number of Credits 0

Bill Ref. No. Sugg. Discount 0.00 Total Credits Available 0.00

Go to Bill Set Discount Set Credits

Payment

Date 02/10/2015

Method Check

☒ To be printed ☐ Assign check number

Account 10100 - Checking

Ending Balance 8,236.34

Pay Selected Bills Cancel

Figure 4-30 Pay Bills window

- Step 5. Leave **Check** in the *Payment Method* field selected. Ensure that the *To be printed* radio button is selected.
- Step 6. Leave **Checking** in the *Payment Account* field.

Note:

The *Payment Method* field allows you to choose to pay the bills by check or credit card. If you pay by check, QuickBooks automatically creates a check in your checking account for each bill selected for payment. To pay by credit card, select **Credit Card** and select the name of the credit card you want to use for the *Bill Payments*. QuickBooks will then create a separate credit card charge for each *Bill Payment*.

- Step 7. Enter **02/10/2015** in the *Payment Date* field.
- Step 8. Click the **Select All Bills** button in the middle to select both *Bills* that are displayed. Alternately, place a checkmark in front of the *Bills* you want to pay.

Tip:

If you want to display the original *Bill*, select the *Bill* on the *Pay Bills* window and click **Go to Bill**. This displays the original *Bill* so you can edit it if necessary.

If you want to make a partial payment on a *Bill*, enter only the amount you want to pay in the *Amt. To Pay* column. If you pay less than the full amount due, QuickBooks will track the remaining amount due for that *Bill* in Accounts Payable. The next time you go to the *Pay Bills* window, the partially paid *Bills* will show with the remaining amount due.

- Step 9. To record a discount on the Ace Supply *Bill*, click on the *Bill* to select it. Notice the **Discount & Credit Information for Highlighted Bill** section (see Figure 4-31). Notice that QuickBooks displays the terms and a suggested discount for the *Bill*.

<input checked="" type="checkbox"/>	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
<input checked="" type="checkbox"/>	02/10/2015	Wong & Son Video	2342		142.00	0.00	0.00	142.00
<input checked="" type="checkbox"/>	03/10/2015	Ace Supply	2085	02/18/2015	360.00	7.20	0.00	352.80
Totals					502.00	0.00	0.00	502.00

Clear Selections

Discount & Credit Information for Highlighted Bill

Vendor **Ace Supply** Terms **2% 10 Net 30** Number of Credits **0**

Bill Ref. No. **2085** Sugg. Discount **7.20** Total Credits Available **0.00**

Go to Bill Set Discount Set Credits

QuickBooks displays the Terms and suggests a discount for this Bill.

Figure 4-31 Discount section for Ace Supply bill

Step 10. Click **Set Discount**.

In the *Discounts and Credits* window, notice that QuickBooks calculates the discount according to the terms set on the *Bill* (see Figure 4-32). In this case, the terms are **2% 10 Net 30**.

Discount and Credits

Bill

Vendor **Ace Supply**

Ref. No. **2085** Amount Due **360.00**

Date **02/08/2015** Discount Used **7.20**

Original Amt. **360.00** Credits Used **0.00**

Amt. To Pay **352.80**

Discount **Credits**

Discount Date **02/18/2015**

Terms **2% 10 Net 30**

Suggested Discount **7.20**

Amount of Discount **7.20**

Discount Account **53000 - Purchase Discounts**

Discount Class **Walnut Creek**

Done Cancel Help

Figure 4-32 Discount and Credits window

Step 11. Select **Purchase Discounts** in the *Discount Account* field to assign this discount to the proper account.

Step 12. Enter **Walnut Creek** in the *Discount Class* field to assign this discount to the proper Class.

Refer to the *Bill* to determine the Class. The *Bill* being discounted was originally assigned to the *Walnut Creek Class* so the discount should use that class as well.

Step 13. Click **Done**. This returns you to the *Pay Bills* window.

Note:

In some cases, it is better to use a *Bill Credit* instead of a discount. For example, when you want to associate the discount with a *Job*, or if you want to track discount items, use *Bill Credits* instead of using discounts in the *Pay Bills* process. You can record items, accounts, classes, and job information on the *Bill Credit*, just as you do on *Bills*. Then, in the *Pay Bills* window, click **Set Credits** to apply the *Bill Credit* to the *Bill*. To see how this would work, see the section on *Applying Vendor Credits* beginning on page 125.

- Step 14. Verify that your *Pay Bills* window matches that shown in Figure 4-33. Click **Pay Selected Bills** to record the *Bill Payments*.

Select Bills to be Paid

Show bills: ☒ Due on or before 03/10/2015 ☐ Show all bills

Filter By: All vendors
Sort By: Due Date

<input checked="" type="checkbox"/>	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
<input checked="" type="checkbox"/>	02/10/2015	Wong & Son Video	2342		142.00	0.00	0.00	142.00
<input checked="" type="checkbox"/>	03/10/2015	Ace Supply	2085		352.80	0.00	0.00	352.80
Totals					502.00	7.20	0.00	494.80

Clear Selections

Discount & Credit Information for Highlighted Bill

Vendor: Ace Supply
Bill Ref. No.: 2085

Terms: 2% 10 Net 30
Sugg. Discount: 7.20

Number of Credits: 0
Total Credits Available: 0.00

Go to Bill Set Discount Set Credits

Payment

Date: 02/10/2015
Method: Check
Account: 10100 - Checking
Ending Balance: 7,741.54

Pay Selected Bills Cancel

Figure 4-33 Pay Bills window after setting the discount

- Step 15. QuickBooks displays a *Payment Summary* dialog box as shown in Figure 4-34. Review the payments and click **Done**.
- Step 16. Close all windows except for the *Home* page.

Payment Summary

Payment Details

Payment Date: 02/10/2015
Payment Account: 10100 - Checking
Payment Method: Check

Payments have been successfully recorded for the following 2 of 2 bills:

Date Due	Vendor	Amount Paid
02/10/2015	Wong & Son Video	142.00
03/10/2015	Ace Supply	352.80
Total		494.80

How do I find and change a bill payment?

You can print checks now, or print them later from Print Forms on the File menu.

Pay More Bills Print Checks Done

Figure 4-34 Payment Summary dialog box

Note:

If you select more than one *Bill* for the same vendor, QuickBooks combines all of the amounts onto a single *Bill Payment*.

When you use a check to pay *Bills*, QuickBooks records each *Bill Payment* in the *Checking* account register and in the Accounts Payable account register (see Figure 4-35 and Figure 4-36). *Bill Payments* reduce the balance in both the Checking account (credit) and the Accounts Payable account (debit).

10100 - Checking

Go to... | Print... | Edit Transaction | QuickReport | Download Bank Statement

Date	Number	Payee	Payment	✓	Deposit	Balance
02/08/2015	331 CHK	Bay Office Supply -split- Printer Paper	128.00			11,436.34
02/08/2015	To Print CHK	Orlando Properties 67100 • Rent Expense	3,200.00			8,236.34
02/10/2015	To Print BILLPMT	Ace Supply -split- Acct# 43-234	352.80			7,883.54
02/10/2015	To Print BILLPMT	Wong & Son Video 20000 • Accounts Pa Video Pr	142.00			7,741.54
						7,741.54

Splits
☐ 1-Line
Sort by Date, Type, Number/... | Record | Restore

Figure 4-35 Checking account register after Bill Pay

20000 - Accounts Payable

Go to... | Print... | Edit Transaction | QuickReport

Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance
02/08/2015	2085 BILL	Ace Supply 50000 • Cos Photo Mater	Paid	360.00			502.00
02/10/2015	BILLPMT	Ace Supply 10100 • Che				352.80	149.20
02/10/2015	DISC	Ace Supply 10100 • Che				7.20	142.00
02/10/2015	BILLPMT	Wong & Son Video 10100 • Che				142.00	0.00
						ending balance	0.00

Splits
☐ 1-Line
☐ Show open balance
Sort by Date, Type, Number/... | Record | Restore

Figure 4-36 Accounts Payable register after Bill Pay

Printing Checks

COMPUTER PRACTICE

You do not need to print each check or *Bill Payment* separately. As you write checks and pay *Bills*, you have the option to record each check with a *To be printed* status. Follow these steps to print checks and *Bill Payments* that you have previously recorded with a *To be printed* status:

Step 1. From the **File** menu, select **Print Forms** and then select **Checks**.

- Step 2. **Checking** in the *Bank Account* field is already selected (see Figure 4-37). This is the bank account on which the checks are written. Press **Tab**.
- Step 3. Enter **6001** in the *First Check Number* field, if necessary.

The *First Check Number* field is where you set the number of the first check you put in the printer.

Note:

QuickBooks assigns check numbers when it prints checks. You have the opportunity to set the check number just before you print the checks and after you assign a check number. QuickBooks keeps track of each check it prints and keeps the check number up to date.

- Step 4. QuickBooks automatically selects all of the checks for printing. Click **OK**.

To prevent one or more checks from printing, you can click in the left column to remove the checkmark for each check you don't want to print.

Since we did not print the rent check, it shows in Figure 4-37 along with the two *Bill Payments*. We will include it here so we can "batch print" all checks together.

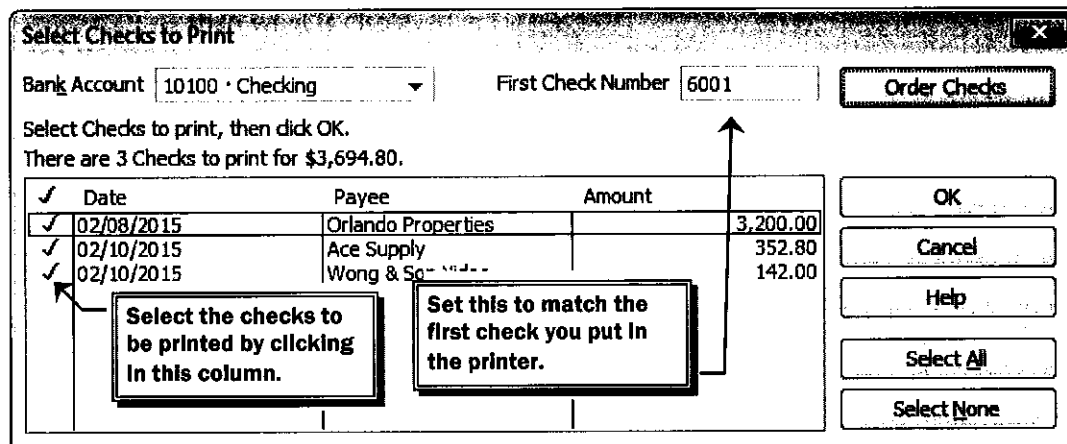
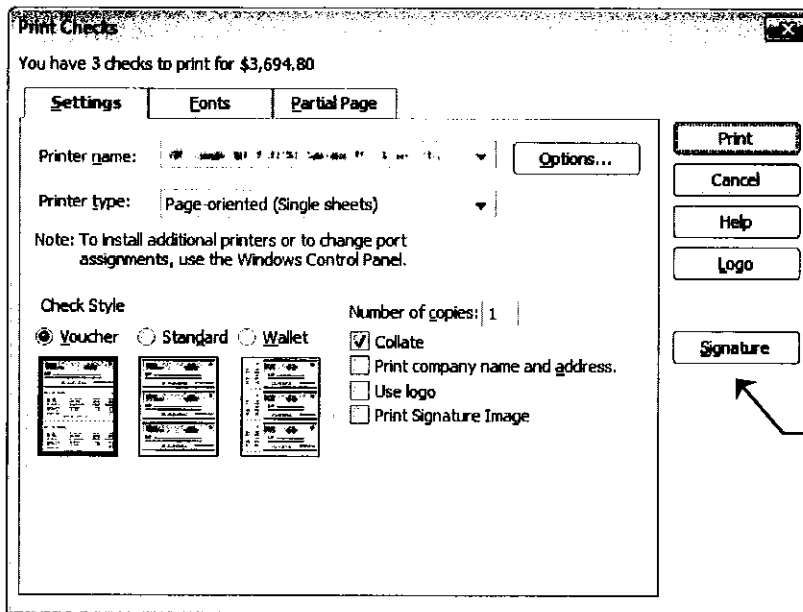


Figure 4-37 Select Checks to Print window

- Step 5. When the *Print Checks* window displays, click **Signature** on the right side of the window (see Figure 4-38).

You can automatically print signed checks by uploading a graphic file of a signature during the printing process.



Click the **Signature** button to print signed checks

Figure 4-38 Signature Button in Print Checks window

Step 6. In the *Signature* window, click the **File** button to upload the graphic file (see Figure 4-39).

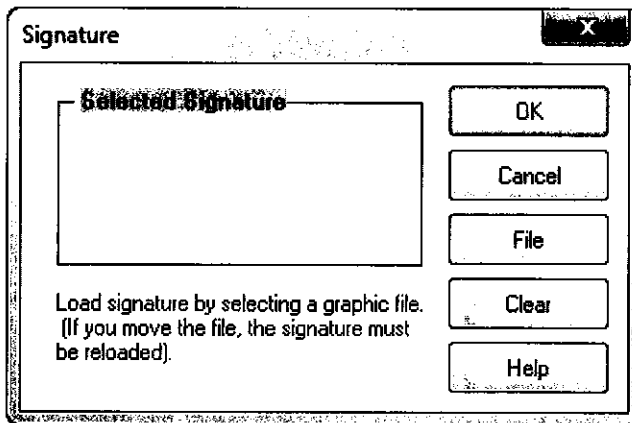


Figure 4-39 Signature window

- Step 7. In the *Open File* window, navigate to where you store your exercise files and open **Sign.png**. This file was included with the portable exercise files.
- Step 8. If QuickBooks displays a warning window, click **OK**. QuickBooks will copy the image file to a new folder called *Expenses-12 – Images*.
- Step 9. The *Signature* window now displays an image of the uploaded signature file (see Figure 4-40). Click **OK**.

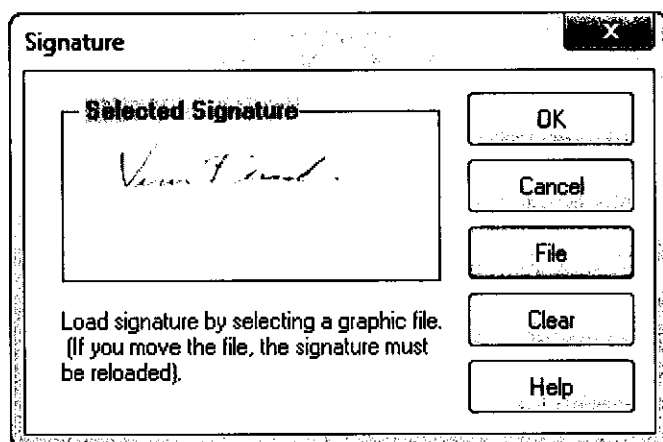


Figure 4-40 Signature window with file uploaded

Note:

Once you select the signature, QuickBooks will leave the box checked to always print the signature unless you uncheck the *Print Signature Image* shown in Figure 4-41.

- Step 10. Confirm your printer settings on the *Print Checks* window (see Figure 4-41), and click **Print** when you are ready to print. Your **Printer name** will most likely be different than what is displayed in Figure 4-41.

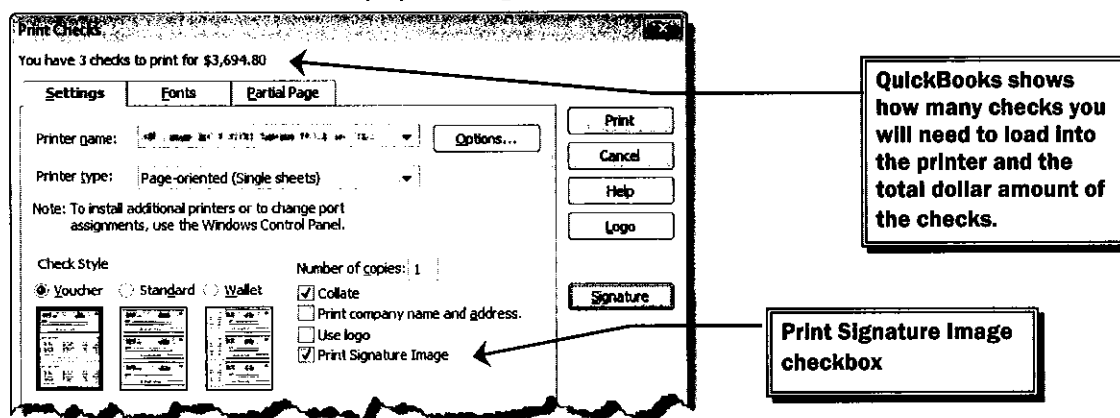


Figure 4-41 Print Checks window

Tip:

Make sure your checks are oriented correctly in the printer. With some printers, you feed the top of the page in first, and some you feed in bottom first. With some printers, you must insert the check face up, and with others, face down.

- Step 11. When QuickBooks has finished printing the checks, you will see the *Print Checks – Confirmation* dialog box in Figure 4-42.

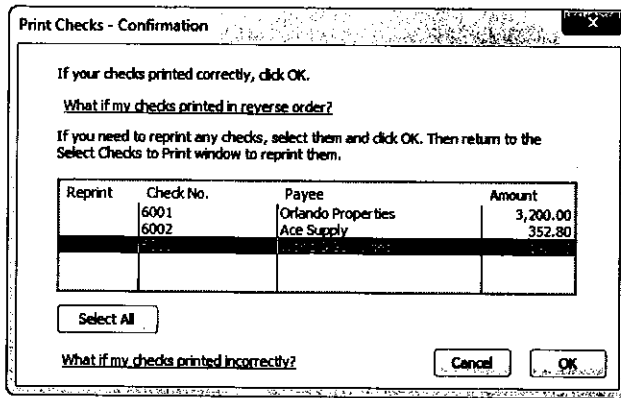


Figure 4-42 Print Checks - Confirmation dialog box

Step 12. If the *Set Check Reminder* dialog box opens, click **Cancel**.

Step 13. Click **OK**.

Note:

If your printer damages your checks and you select checks for reprinting, you will need to void each damaged check and re-enter a new check in the bank account register or on the *Write Checks* window.

Tip:

If you are paying multiple bills on a single check and you want the vendor to be able to identify these bills, you can print a *Bill Payment Stub* by choosing **Bill Payment Stub** from the *Print Forms* submenu on the *File* menu.

Voiding Checks

QuickBooks allows you to keep the information about voided checks so that you retain a record of these checks. It is important to enter each check into your register even if the check is voided. This will prevent gaps in your check number sequence.

Did You Know?

QuickBooks has a special report called *Missing Checks* that allows you to view all of your checks sorted by check number. The report highlights any gaps in the check number sequence. To view this report, select the **Reports** menu, then select **Banking**, and then select **Missing Checks**.

COMPUTER PRACTICE

- Step 1. Open the **Checking** account register and then select check 6003 by clicking anywhere on that record. You will be able to tell that the record has been selected as it will be outlined in the register.
- Step 2. From the *Edit* menu select **Void Bill Pmt-Check** (see Figure 4-43).

When you void a check, QuickBooks changes the amount to zero, marks the check cleared, and adds **VOID** to the *Memo* field.
- Step 3. Click **Record** to save your changes.

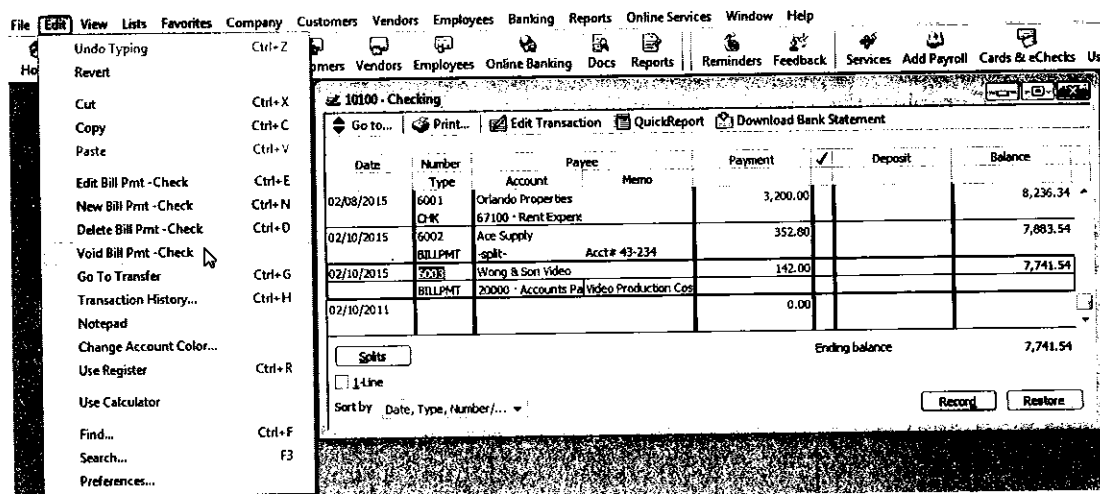


Figure 4-43 Voiding a check from the Edit menu

Since you are voiding a *Bill Payment*, QuickBooks warns you that this change will affect the application of this check to the *Bills* (see Figure 4-44). In other words, voiding a *Bill Payment* will make the *Bill* payable again.

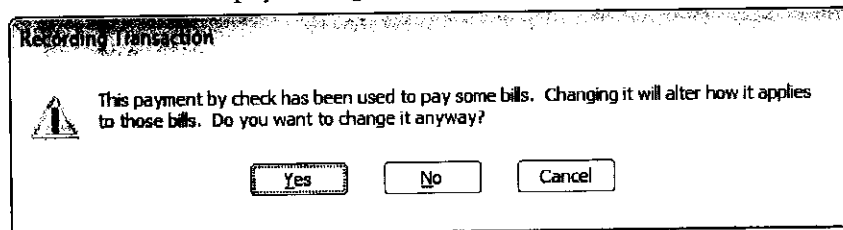


Figure 4-44 Recording Transaction dialog box about voiding BILLPMT check 6003

Step 4. Click Yes.

Notice that the transaction shows as cleared in the register, and that QuickBooks set the amount of the check to zero (see Figure 4-45).

Step 5. Close all open windows except the *Home* page.

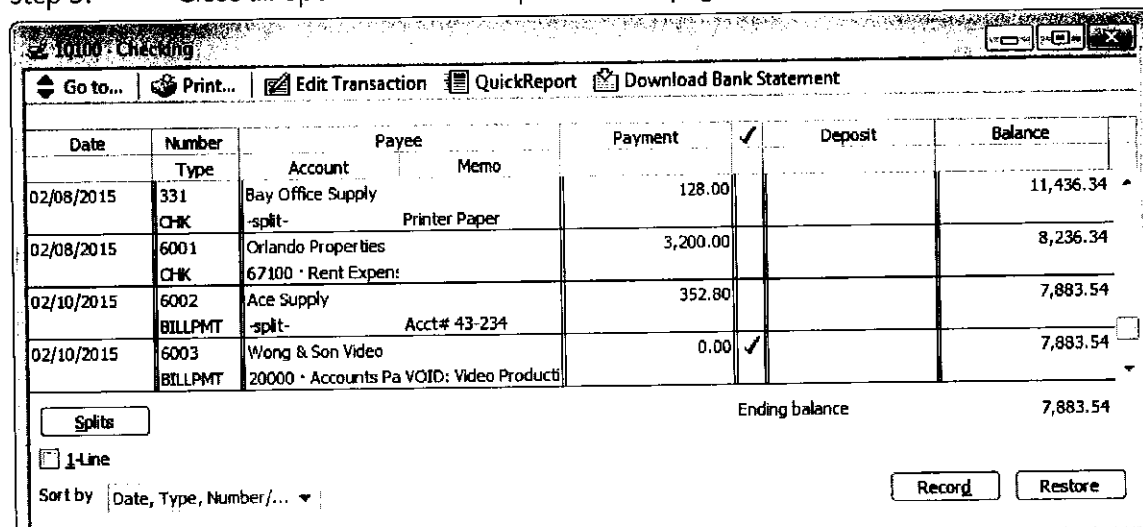


Figure 4-45 Check register after voided transaction

To repay the *Bill*, repeat the bill paying, discount, and printing process by following the steps below.

COMPUTER PRACTICE

- Step 1. Select the **Pay Bills** icon on the *Home* page.
- Step 2. Complete the *Pay Bills* window for the **Wong & Son Video Bill** per the instructions given in the *Paying Bills* section beginning on page 113. Verify that your screen matches Figure 4-46. Set the Payment Date to **02/16/2015**.

Pay Bills

Select Bills to be Paid

Show bills: ☐ Due on or before 02/20/2015 ☒ Show all bills

Filter By: All vendors

Sort By: Due Date

<input checked="" type="checkbox"/>	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
<input checked="" type="checkbox"/>	02/10/2015	Wong & Son Video	2342		142.00	0.00	0.00	142.00
Totals					142.00	0.00	0.00	142.00

Clear Selections

Discount & Credit Information for Highlighted Bill

Vendor: Wong & Son Video

Bill Ref. No. 2342

Terms: Net 30

Sugg. Discount: 0.00

Number of Credits: 0

Total Credits Available: 0.00

Go to Bill

Set Discount

Set Credits

Payment

Date: 02/16/2015

Method: Check

☒ To be printed ☐ Assign check number

Account: 10100 - Checking

Ending Balance: 7,741.54

Pay Selected Bills Cancel

Figure 4-46 Completed Pay Bills window

- Step 3. Click **Pay Selected Bills** on the *Pay Bills* window to record the *Bill* payment.
- Step 4. Click **Done** on the *Payment Summary* dialog box.

Attaching Documents

There are many advantages to storing documents electronically. Going “paperless” increases efficiency and eliminates costly storage.

QuickBooks allows you to attach electronic documents to QuickBooks transactions, such as *Bills*, *Invoices*, and other QuickBooks forms. The attached documents can either be stored on your system for free, or on a secure server managed by Intuit using QuickBooks Document Management for a fee. To attach electronic documentation to a QuickBooks transaction, look for the *Attach* button in the upper section of the transaction window.

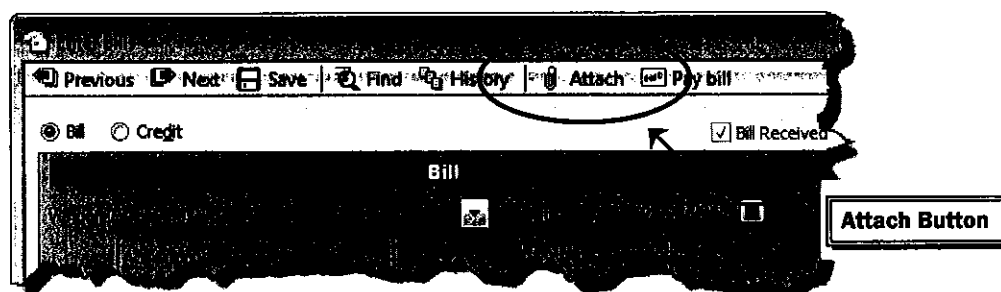


Figure 4-47 Attach button in Enter Bills window

Applying Vendor Credits

When a vendor credits your account, you should record the transaction in the *Enter Bills* window as a *Credit* and apply it to one of your unpaid *Bills*.

In some situations, it is best to use a *Bill Credit* instead of the *Discount* window to record certain vendor credits, because the *Discount* window does not allow you to record any of the following information:

- Reference numbers or memos – These may be important for reference later.
- Allocation of the credit to multiple accounts.
- Allocation to *Customers* or *Jobs* – This may be critical in many situations.
- Information using *Items*.

COMPUTER PRACTICE

First, create a *Bill* from Nellis Distributing for a Custom Window.

Step 1. Click on the **Enter Bills** icon on the *Home* page.

Step 2. Enter the Bill shown in Figure 4-48.

Expenses \$400.00 Items \$0.00

Account	Amount	Memo	Customer: Job	Billable?	Class
50000 - Cost of Goods Sold	400.00	Custom Framing Material	Mason, Bob	<input type="checkbox"/>	San Jose

Clear Splits Recalculate Save & Close Save & New Clear

Vendor Transaction
Nellis Distributing Edit Vendor

Summary
Phone 925-555-3322
Open balance 0.00
POs to be received 0

Recent Transactions QuickReport
02/07/15 Bill Pmt - Check 375.00
01/30/15 Credit 25.00
01/29/15 Bill - Paid 400.00

Notes Edit

Figure 4-48 Bill from Nellis Distributing for Bob Mason job

Step 3. When you're finished entering the data in Figure 4-48, click **Save & New**.

Now, enter a Bill Credit.

- Step 1. On the next (blank) *Bill* form, select the **Credit** radio button at the top right of the window.
- Step 2. Fill in the *Bill Credit* information as shown in Figure 4-49. Click **Save & Close** to record the credit.

Enter Bills

Previous Next Save Find History Attach

☐ Bill ☒ Credit

Credit

Vendor: Nellis Distributing Date: 02/19/2015

Ref. No.: 50088

Credit Amount: 25.00

Memo:

Expenses: \$25.00 Items: \$0.00

Account	Amount	Memo	Customer: Job	Billable?	Class
53000 - Purchase Discounts	25.00	Credit on Custom Framing Materials	Mason, Bob	<input type="checkbox"/>	San Jose

Figure 4-49 Creating a Bill Credit

The accounting behind the scenes:

When you record the *Bill Credit* shown in Figure 4-49, QuickBooks reduces (debits) Accounts Payable and reduces (credits) Purchase Discounts, a Cost of Goods Sold account.

- Step 3. To apply the *Bill Credit* to a *Bill* for that vendor, select **Pay Bills** from the *Home* page (See Figure 4-50).

Pay Bills

Select Bills to be Paid

Show bills: ☒ Due on or before 03/15/2015 ☐ Show all bills

Filter By: All vendors Sort By: Due Date

Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
03/15/2015	Nellis Distributing	50088		400.00	0.00	0.00	400.00
Totals				400.00	0.00	0.00	400.00

Clear Selections

Discount & Credit Information for Highlighted Bill

Vendor: Nellis Distributing Terms: Net 15 Number of Credits: 1

Bill Ref. No. 50088 Sugg. Discount: 0.00 Total Credits Available: 25.00

Go to Bill Set Discount Set Credits

Payment

Date: 02/22/2015 Method: Check ☒ To be printed ☐ Assign check number

Account: 10100 - Checking Ending Balance: 7,341.54

Pay Selected Bills Cancel

Figure 4-50 Pay Bills window for Nellis Distributing

- Step 4. Enter **03/15/2015** in the *Due on or before* field and press **Tab**.
- Step 5. Leave **Check** in the Payment Method field and **Checking** in the Payment Account field. Enter **02/22/2015** in the Payment Date field.

Important:

In order to apply a *Bill Credit*, the vendor name must be the same on both the *Bill* and the *Bill Credit*.

Step 6. Select the unpaid Bill for **Nellis Distributing** as shown in Figure 4-50. When you select a *Bill* from a vendor for whom one or more unapplied credits exist, QuickBooks displays the total amount of all credits for the vendor in the *Total Credits Available* section. Notice the credit of \$25.00 in Figure 4-50 for Nellis Distributing which we created above.

- Step 7. Click **Set Credits**.

Discount and Credits					
Bill					
Vendor	Nellis Distributing				
Ref. No.	5088	Amount Due	400.00		
Date	02/17/2015	Discount Used	0.00		
Original Amt.	400.00	Credits Used	25.00		
		Amt. To Pay	375.00		
<div> <div>Discount</div> <div>Credits</div> </div>					
✓	Date	Ref. No.	Credit Amt.	Amt. To Use	Credit Balance
<input checked="" type="checkbox"/>	02/19/2015	5088	25.00		0.00
Totals			25.00	25.00	0.00
<div>Clear</div>					
<div> <div>Done</div> <div>Cancel</div> <div>Help</div> </div>					

Figure 4-51 Discount and Credits window to set Bill Credit

On the *Discounts and Credits* window, QuickBooks automatically selected the credits to be applied to the *Bill*. You can override what is shown by deselecting the credit (removing the checkmark), or by entering a different amount in the *Amt. To Use* column.

- Step 8. Leave the credit selected as shown in Figure 4-51 and click **Done**.

QuickBooks has applied the \$25.00 credit to Bill #5088 and reduced the amount in the *Amt. To Pay* column to \$375.00 (see Figure 4-52).

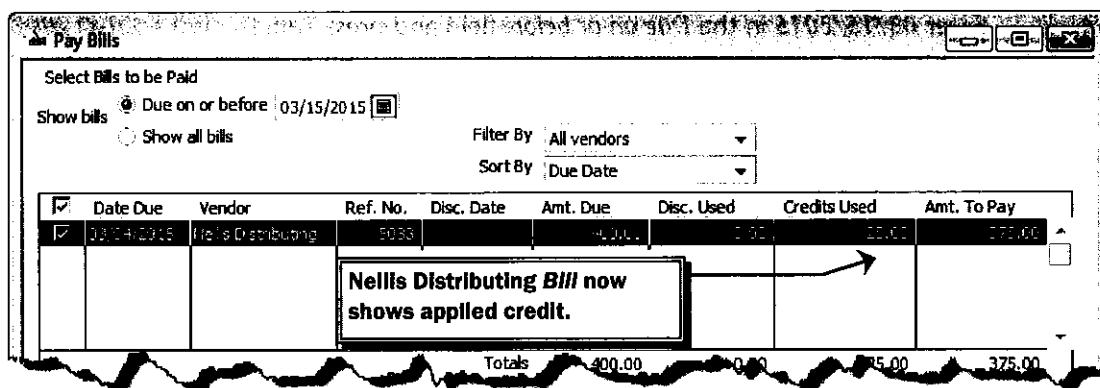


Figure 4-52 Pay Bills window after Bill Credit has been applied

- Step 9. Click **Pay Selected Bills** to pay the bill.
- Step 10. Click **Done** on the *Payment Summary* dialog box.

Note:

If you want to apply the credit without paying the *Bill*, reduce the *Amt. To Pay* column to zero.

Tracking Company Credit Cards

To track charges and payments on your company credit card, set up a separate credit card account in QuickBooks for each card. Then enter each charge individually using the *Enter Credit Card Charges* window. To pay the credit card bill, use *Write Checks* and code the check to the credit card account.

Another Way:

You can also pay your credit card bill by using *Pay Bills* after recording a *Bill* for the balance due, coded to the credit card liability account.

Did You Know?

Many credit cards allow you to download your credit card charges into QuickBooks through the Internet, eliminating the need to enter each charge manually. For more information about the QuickBooks Credit Card download, select the *Banking* menu, select *Online Banking*, and then select *Set Up Account for Online Services*.

Entering Credit Card Charges

Each time you use a company credit card, use the *Enter Credit Card Charges* window to record the transaction.

The accounting behind the scenes:

When you record credit card charges, QuickBooks increases (credits) your Credit Card Payable liability account and increases (debits) the expense account shown at the bottom of the window.

Note:

You will need to create an account on your *Chart of Accounts* for each company credit card. Use the *Credit Card* type when creating the account.

COMPUTER PRACTICE

- Step 1. Click the **Enter Credit Card Charges** icon on the *Home Page*. Alternatively, from the *Banking* menu, select **Enter Credit Card Charges**.
- Step 2. Press **Tab** to accept **National Bank VISA Gold** in the *Credit Card* field.
- Step 3. **Purchase/Charge** is already selected. Press **Tab** twice.

If you used your card when receiving a refund or credit from a vendor, you would select **Credit** instead of **Charge** on this step. QuickBooks will then reduce the balance on your credit card when you record a Credit transaction.

- Step 4. Enter **Bay Office Supply** in the *Purchased From* field and press **Tab**.
- Step 5. Enter **02/24/2015** in the *Date* field. Press **Tab**.
- Step 6. Enter **65432** in the *Ref No.* field and press **Tab**.

The *Ref No.* field is optional. Its purpose is to tag each charge with the number on the charge slip.

- Step 7. Enter **86.48** in the *Amount* field and press **Tab**.
- Step 8. Enter **Purchase Office Supplies** in *Memo* field and press **Tab**.
- Step 9. Enter the *Account*, *Amount*, *Memo*, and *Class* fields as displayed in Figure 4-53.
- Step 10. Verify that your screen matches Figure 4-53. Click **Save & New** to record the credit card charge.

Previous Next Save Find Download Card Charges Attach

Credit Card 22000 - National Bank VISA ... Ending Balance 0.00

☒ Purchase/Charge ☐ Refund/Credit

Credit Card Purchase/Charge

Purchased From Bay Office Supply Date 02/24/2015

Ref No. 65432

Amount 86.48

Memo Purchase Office Supplies

Manage your business expenses with QuickBooks Platinum Plus for Business MasterCard

[Learn More](#)

Are you ready to pay a bill from this credit card company?

Expenses \$86.48 Items \$0.00

Account	Amount	Memo	Customer:Job	Billable?	Class
64900 - Office Supplies	86.48	Office Supplies			San Jose

Figure 4-53 Enter Credit Card Charges window for Bay Office Supply purchase

- Step 11. Enter another credit card charge that matches Figure 4-54. Click **Save & Close**.

Figure 4-54 Enter Credit Card Charges window for equipment rental

Paying the Credit Card Bill

Follow the steps below to write a check to pay your credit card bill.

The accounting behind the scenes:

When you record a credit card payment, QuickBooks reduces (credits) the Checking account and reduces (debits) the Credit Card liability account.

Note: There is another method of paying the credit card bill that is part of the reconciliation process. In the reconciliation chapter, you'll learn more about reconciling the credit card account, and then creating a *Bill* for the balance due.

COMPUTER PRACTICE

- Step 1. Click the **Write Checks** icon on the *Home* page.
- Step 2. Enter the check as shown in Figure 4-55. Notice that you will enter the credit card account name in the *Account* column of the *Expenses* Tab.
- Step 3. Click **Save & Close** to record the transaction.
- Step 4. Click **Save Anyway** to bypass *Items not assigned classes* window.

You do not need to enter a class when posting to a credit card account or any other Balance Sheet account.

Bank Account: 10100 - Checking Ending Balance: 7,366.54

No. 333
Date: 03/01/2015

Pay to the Order of: National Bank \$ 121.88

One hundred twenty-one and 88/100***** Dollars

Address: National Bank
P.O. Box 522
San Jose, CA 94326

Memo: Acct #12345252

Expenses: \$121.88 Items: \$0.00 ☐ Online Payment ☐ To be printed

Account	Amount	Memo	Customer:Job	Billable?	Class
22000 - National Bank VISA Gold	121.88	Pay Credit Card			

Figure 4-55 Write Checks window to pay credit card bill

To see the detail of your credit card charges and payments, look in the *National Bank VISA Gold* account register (see Figure 4-56). This register can be accessed by pressing **Ctrl+A** to open the Chart of Accounts, and then double-clicking on the *National Bank Visa Gold* credit card account. You can also pay credit cards as part of the reconciliation process. For more information, see 155.

Date	Ref	Payee	Charge	Payment	Balance
Type	Account	Memo			
01/30/2015	329 CHK	National Bank 10100 - Checking		2,152.00	0.00
02/24/2015	65432 CC	Bay Office Supply 64900 - Office Supplies	86.48		86.48
		Purchase Office Supplies			
02/25/2015	987153 CC	Rodriguez Rentals 62600 - Equipment Rental	35.40		121.88
		Video Equipment Rental			
03/01/2015	333 CHK	National Bank 10100 - Checking		121.88	0.00
		Pay Credit Card Bill			
Ending balance					0.00

Figure 4-56 National Bank VISA Gold account register

Paying Sales Tax

Many QuickBooks users need to collect sales tax each time they sell products and certain types of services. This sales tax needs to be paid to the appropriate state or local agency. Academy Photography files its sales tax return to a single vendor called the State Board of Equalization. In this example, we will run reports for the first quarter of 2015. For more on collecting sales tax, see 81.

Paying Sales Tax

After you prepare your sales tax return and make necessary adjustments for discounts, interest, penalties or rounding, create a sales tax payment for the amount you owe.

When you pay your sales tax, do not use the *Write Checks* window because the payment will not affect the *Sales Tax Items*. It also will not show properly on the *Sales Tax Liability* reports. To correctly pay your sales tax liability, use the *Pay Sales Tax* window.

COMPUTER PRACTICE

- Step 1. From the *Home* page, select the **Manage Sales Tax** icon.
- Step 2. Click the **Pay Sales Tax...** button in the center of the *Manage Sales Tax* dialog box. Alternatively, from the *Vendors* menu, select **Sales Tax** and then select **Pay Sales Tax**.
- Step 3. The *Pay Sales Tax* window displays. In the *Pay From Account* field, **Checking** already displays so press **Tab**. This field allows you to select the account from which you wish to pay your sales tax.
- Step 4. Enter **04/15/2015** in the *Check Date* field and press **Tab**. This field is the date of when you are paying the sales tax.
- Step 5. Enter **03/31/2015** in the *Show sales tax due through* field and press **Tab**. In this field, enter the last day of the sales tax reporting period. For example, if you are filing your sales tax return for the first quarter, enter the last day of March in this field.
- Step 6. Leave **334** in the *Starting Check No.* field and press **Tab**. QuickBooks automatically enters the next check number sequentially.
- Step 7. Click in the **Pay** column (see Figure 4-57) on the line with a balance.

Pay Sales Tax

Pay From Account: 10100 - Checking Check Date: 04/15/2015 Show sales tax due through: 03/31/2015 Starting Check No.: 334

Pay	Item	Vendor	Amt. Due	Amt. Paid
✓	Santa Clara	State Board of Equalization	99.33	99.33
Totals			99.33	99.33

Clear Selections Adjust Ending Bank Balance: 7,145.33

☐ To be printed OK Cancel Help

QuickBooks shows the total tax you owe for each county as well as any adjustments. To pay all the tax and the adjustments, click in the Pay column for all lines.

You can create a Sales Tax Adjustment by clicking Adjust on this screen.

Figure 4-57 Pay Sales Tax window

- Step 8. Click **OK** to record the Sales Tax Payment.
- Step 9. Click **Close** on the *Manage Sales Tax* window.

After you record the sales tax payment, QuickBooks will create a special type of check called a *Sales Tax Payment* (TAXPMT) in your checking account for the total tax due to each sales tax agency (Vendor).

Important:

QuickBooks allows you to adjust the amounts in the *Amt. Paid* column. However, if you do you will retain an incorrect (overstated) balance in *Sales Tax Payable* for the period. If you need to change the amount of sales tax due, use a *Sales Tax Adjustment*. To quickly access the *Sales Tax Adjustment* window, click **Adjust** on the *Pay Sales Tax* window.

Accounts Payable Reports

QuickBooks has several reports that you can use to analyze and track your purchases and vendors. Following are two sample reports for you to create. See the Reports chapter for more information on creating reports.

Vendor Balance Detail

The Vendor Balance Detail report shows the detail of each *Bill* and *Bill Payment* to each vendor. However, this report only includes transactions that “go through” Accounts Payable. That is, it only shows transactions such as *Bills* and *Bill Payments*. If you write checks to your vendors directly, without first entering a *Bill*, those transactions will not show in this report.

COMPUTER PRACTICE

- Step 1. From the *Reports* menu, select **Vendors & Payables** and then select **Vendor Balance Detail** (see Figure 4-58).
- Step 2. To print the report, click **Print** at the top of the report. Close the report, and click **No** if the *Memorize Report* message appears.

Type	Date	Num	Account	Amount	Balance
Ace Supply					
Bill	01/18/2015	2084	20000 - Accounts Payable	126.00	126.00
Bill Pmt - Check	01/20/2015	324	20000 - Accounts Payable	-123.48	2.52
Discount	01/20/2015	324	20000 - Accounts Payable	-2.52	0.00
Bill	02/08/2015	2085	20000 - Accounts Payable	360.00	360.00
Bill Pmt - Check	02/10/2015	6002	20000 - Accounts Payable	-352.80	7.20
Discount	02/10/2015	6002	20000 - Accounts Payable	-7.20	0.00
Total Ace Supply				0.00	0.00
Nellis Distributing					
Bill	01/29/2015	5055	20000 - Accounts Payable	400.00	400.00
Credit	01/30/2015	5055C	20000 - Accounts Payable	-25.00	375.00
Bill Pmt - Check	02/07/2015	330	20000 - Accounts Payable	-375.00	0.00

Figure 4-58 Vendor Balance Detail Report

Transaction List by Vendor

The *Transaction List by Vendor* report shows all transactions associated with your vendors, even if the transactions did not “go through” Accounts Payable (e.g., checks and credit card charges).

COMPUTER PRACTICE

- Step 1. From the *Reports* menu, select **Vendors & Payables** and then select **Transaction List by Vendor** (see Figure 4-59).
- Step 2. Set the date fields on the report to **01/01/2015** through **03/31/2015**.
- Step 3. Close all open windows and click **No** if the *Memorize Report* message appears.

Type	Date	Num	Memo	Account	Ctr	Split	Amount
Ace Supply							
Check	01/05/2015	328	Acct# 43-234	10100 - Checking		64900 - Office Supplies	-126.60
B#	01/18/2015	2084	Office Supplies	20000 - Accounts Payable		64900 - Office Supplies	-126.00
B# Pmt - Check	01/20/2015	324	Acct# 43-234	10100 - Checking		-SPLIT-	-123.48
B#	02/08/2015	2385	Photo Material for Jerry ..	20000 - Accounts Payable		50000 - Cost of Goods Sold	-360.00
B# Pmt - Check	02/10/2015	6002	Acct# 43-234	10100 - Checking		-SPLIT-	-352.80
Bay Office Supply							
Check	02/08/2015	331	Printer Paper	10100 - Checking		-SPLIT-	-128.00
Credit Card Char	02/24/2015	65432	Purchase Office Supplies	22000 - National Bank VISA Gold		64900 - Office Supplies	-86.48
National Bank							
Check	01/30/2015	329	1234-1234-1234-1234	10100 - Checking		22000 - National Bank VISA Gold	-2,152.00
Check	03/31/2015	333	Acct #12345252	10100 - Checking		22000 - National Bank VISA Gold	-121.00
Nellis Distributing							

Figure 4-59 Transaction List by Vendor report

Review Questions

Select the best answer(s) for each of the following:

- You may record payments to your vendors by:
 - Recording a manual entry directly into the check register.
 - Using *Write Checks* to write and print a check without using Accounts Payable.
 - Using *Enter Bills* to record Accounts Payable and then using *Pay Bills* to pay open Bills.
 - a, b, or c.
- To display the *Vendor Center*:
 - Click *Vendors* on the QuickBooks *Home* Page.
 - Click the *Vendor Center* icon on the Navigation Bar.
 - Select the *Vendor* menu and then select *Vendor Center*.
 - a, b, or c.
- You can add a vendor:
 - Only at the beginning of the fiscal year.
 - Only if you will purchase over \$600 from that particular vendor and a Form 1099 will be issued.
 - Only at the beginning of the month.
 - At any time by selecting *New Vendor* in the *Vendor Center*.
- Which statement is true?
 - QuickBooks records each *Bill Payment* in a bank account register (or credit card account register) and the Accounts Payable register.
 - Bill Payments* increase the balance in both the Checking account and the Accounts Payable account.
 - You should assign *Jobs* to all discounts taken.
 - You cannot make partial payments on a *Bill*.

5. Which QuickBooks feature allows you to separate your income and expenses by line of business, department, location, profit center, or any other meaningful breakdown of your business?
- Job costing.
 - Class tracking.
 - Customer types.
 - Vendor types.

Expenses-Problem 1

APPLYING YOUR KNOWLEDGE

Restore the **Expenses-12Problem1.QBM** file.

1. Activate *Class* tracking in the data file.
2. Add a new vendor to the Vendor list using the data in the table below. Fields that are not provided below can be left blank.

Field Name	Data
Vendor Name	<i>Prado Photography Services</i>
Company Name	<i>Prado Photography Services</i>
Mr./Ms./...	<i>Ms.</i>
First Name	<i>Joy</i>
Last Name	<i>Prado</i>
Name and Address	<i>Prado Photography Services Joy Prado 755 Market Ave. Castro Valley, CA 94500</i>
Contact	<i>Joy Prado</i>
Phone	<i>(510) 555-1414</i>
Email	<i>joy@pradophoto.biz</i>
Print on Check as	<i>Prado Photography Services</i>
Account #	<i>89766-46</i>
Vendor Type	<i>Consultant</i>
Terms	<i>Net 30</i>
Tax ID	<i>111-22-3333</i>
Check Box	<i>Vendor eligible for 1099</i>
County	<i>Alameda</i>
Account Prefill	<i>Professional Fees</i>

Table 4-2 Use this data to enter a new vendor

3. Print the **Vendor List**. (From the *Reports* menu, select **Vendors & Payables** and then select **Vendor Contact List**.)
4. Enter check #331 directly in the **Checking** register on *01/12/2015* to *Carl's Hardware* for \$325.00. Use **Quick Add** to add the Vendor. Split the expense to \$125.00 for Office

Supplies for the San Jose store and \$200.00 for Repairs and Maintenance for the Walnut Creek store.

5. Using **Write Checks**, enter a check (to be printed) to **Orlando Properties**, dated **01/12/2015** for **\$1,500.00**, for **Rent** at the **San Jose** store. Make the check printable, but don't print the check.
6. Enter **Bill #1500** from **Nellis Distributing** on **01/18/2015** for **\$922.00** with Terms of Net 15. The **Bill** is for the purchase of supplies for the Bob Mason job, so code the **Bill** to **Cost of Goods Sold**. Bob Mason is a customer in the San Jose store, so link the cost with the appropriate **Job** and **Class**.
7. Enter **Bill #3453** from **Sinclair Insurance** on **01/19/2015** for **\$1,220.00** with Terms of Net 30. Code the **Bill** to **Insurance Expense**. Allocate 100% of the cost to the **San Jose** store.
8. Create and print an **Unpaid Bills Detail** report dated 1/20/2015.
9. Pay all of the **Bills** due on or before **02/28/2015**. Pay the **Bills** from the Checking account on 01/19/2015. Make the **Bill Payments** "printable" checks.
10. Print all of the checks that you recorded with a "to be printed" status. Print them on blank paper and start the check numbers at **6001**.
11. Enter a credit card charge on the **National Bank VISA** card from **Bay Office Supply** (Use **Quick Add** to add the vendor), reference **#1234**, dated **1/25/2015**. The purchase was for **\$57.75** for office supplies for the Walnut Creek store.
12. Enter **Bill #4635** from **Ace Supply** on **01/25/2015** for **\$1,440.62** with terms of Net 30. Code the **Bill** to **Cost of Goods Sold** since it was for supplies for the **Ron Berry Job**. Ron Berry is a **Customer** at the **San Jose** store. Keep the default terms for Ace Supply.
13. Enter a **Bill Credit** from **Ace Supply** on **01/30/2015** for **\$450.00**. Use reference number **4635C** on the credit. Code the credit to **Cost of Goods Sold** and link the credit with the **Ron Berry Job** and the **San Jose Class**.
14. Apply the credit to **Bill #4635** and pay the remainder of the **Bill** on 01/30/2015 using a printable check.
15. Print check **#6005** on blank paper.
16. Print a **Vendor Balance Detail** report for **All** transactions.